



COMMUNITY DEVELOPMENT DEPARTMENT

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PLANNING COMMISSION MEETING MINUTES

REGULAR MEETING

FEBRUARY 10, 2009

PRESENT: Acevedo, Koepp-Baker, Escobar, Lyle, Moniz, Mueller, Tanda

ABSENT: None

LATE: None

STAFF: Planning Manager (PM) Rowe and Minutes Clerk Johnson.

Chair Koepp-Baker called the meeting to order at 7:00 p.m., inviting all present to join ask she led the pledge of allegiance to the U.S. flag.

DECLARATION OF POSTING OF AGENDA

Minutes Clerk Johnson certified that the meeting's agenda was duly noticed and posted in accordance with Government Code Section 54954.2.

WELCOME TO NEW COMMISSIONER

All present joined Chair Koepp-Baker as she welcomed Morgan Hill's new Planning Commissioner, John Moniz.

OPPORTUNITY FOR PUBLIC COMMENT

Chair Koepp-Baker opened the floor to public comment for matters not appearing on the agenda.

Noting that no others in attendance expressed a wish to address items not appearing on the agenda, the public hearing was closed.

CONSENT CALENDAR:

MINUTES:

**JANUARY 27,
2009**

COMMISSIONERS MUELLER/ESCOBAR MOTIONED TO APPROVE ITEMS 1-2-4-5 OF THE MINUTES AS CORRECTED BY STAFF FOLLOWING RECEIPT OF COMMENTS FROM THE COMMISSIONERS. THE MOTION PASSED (6-0-1-0) WITH THE FOLLOWING VOTE: AYES: ACEVEDO, KOEPP-BAKER, ESCOBAR, LYLE, MUELLER, TANDA; NOES: NONE; ABSTAIN: MONIZ; ABSENT: NONE.

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JANUARY 27,
2009, ITEM #3

COMMISSIONERS MUELLER/ESCOBAR MOTIONED TO APPROVE THE JANUARY 27, 2009 MINUTES (item 3) AS CORRECTED BY STAFF FOLLOWING RECEIPT OF COMMENTS FROM THE COMMISSIONERS. THE MOTION PASSED (5-0-2-0) WITH THE FOLLOWING VOTE: AYES: ACEVEDO, KOEPP-BAKER, ESCOBAR, MUELLER, TANDA; NOES: NONE; ABSTAIN: MONIZ, LYLE; ABSENT: NONE.

PUBLIC HEARINGS:

Commissioner Moniz was excused at 7:05 p.m. due to the potential for conflict of interest as he has represented some of the applicants who have an interest in items to be heard with this agenda item.

1) FINAL AWARD AND DISTRIBUTION OF THE RDCS SMALL PROJECT, MULTI-FAMILY RENTAL AND OPEN MARKET PROJECT COMPETITIONS FOR THE FY 2010-2011 BUILDING ALLOTMENT

PM Rowe presented the staff report with an overview of the matter:

- previously held public hearings (12/9-10/2008)
- approval of final scores 1/13; followed by 15 day appeal period; none filed
- current application submissions for RDCS allocations in the project categories
 - ◇ Small (three)*
 - ◇ Multi-Family Rental (one)* ~ apartments
 - *scored administratively but to be memorialized by the Commission
 - ◇ Open/Market (six)
 - ◇ Open Rate Market
- new resolution needed for On-Going projects
- this meeting: need to recommend distribution of building allotments as recommended:

Fiscal year 2010/11

MC-08-08: Monterey Dynasty	68
MC-08-24: W. Dunne – So Valley Developers	8
MC-0813: Clayton – O'Brien	5
MC-08-17: E. Central - Sheng	17
MC-08-16: Peet - Borello	20
MC-08-22: Murphy – Pan Cal	24
Set- aside: On-going projects	75
Building allotment/ Micro projects	4
Total	221

PM Rowe then detailed the various categories and stressed a goal of minimizing the number of second year allocations. He also noted that MC-08-17 was the top scoring project in the open market category, and MC-08-16 in second place. Other information

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PM Rowe presented included:

- ongoing list originally included 5; one has gotten full allocations, so 4 remaining
- West Dunne - South Valley fully allocated ~ 1st year
- handout distributed for current on-going projects; how many allocated to date and balance for build out remainder; what will be needed for full build out

PM Rowe advised that pursuant to the Municipal Code and in order to complete projects, the following was recommended for receiving approval to phase a portion of their requested building allotment into the **2010-11 fiscal year**.

Project	Allocation s
MC-08-24: W. Dunne – South Valley Dev.	6
MC-08-13: Clayton – O'Brien	2
MC-08-17: E. Central - Sheng	15
Total	23

Commissioners asked questions regarding specific items of interest:

- Monterey Dynasty
- wording of the resolution title
-

Chair Koepp-Baker opened the public hearing.

Scott Schilling, 16060 Caputo Dr., #160, thanked staff and the Commissioners for the consideration given to all applicants. "I would like to raise one issue," he said. "In the Open Market category, the East Dunne-Church project (50 units) located across from the Community Center tied before the last round; then with scoring modifications that created some questions, (no offense to the Borello project) all three projects were close in the scoring. The point from the Commissions is supposed to be based on past performance. I've been here 20 years and I feel this is an excellent project in relation to the Community Center and City Hall loves the layout. As a developer, I have gone to great lengths to be fair with the City and I think the City feels the same about me. The 2 - 2 vote was very disappointing – and negated an ability to garner a point. I think this is an excellent project by an excellent developer who has dealt with the City in an honest and upright manner. I would respectfully ask that the point be reexamined and awarded to the project."

John Telfer, 17045 Monterey Rd., said of Mr. Schilling: "This is a developer (Mr. Schilling) I've known for years and he is an excellent – no, a great builder." Mr. Telfer continued, "As way of disclosure, I am the representative for three of the projects under discussion/consideration tonight (Monterey Dynasty; E Central-Sheng, Delco). In the amended resolution on-going projects, Jasper Park has been taken off the list. I called DeNova (Don Lapidus is the representative) and asked if they had received notice of that, and they said they had not."

Mr. Telfer then asked for clarification of several issues:

- Monterey-Dynasty – how many units are needed for completion
- in the original Resolution (in the distributed packet) Jasper Park (2 units)

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should be added

- Borello originally asked for a two-phase allocation, which is important in planning and placing up-front improvements
- Jasper Park is an on-going project not included in resolution and should be entitled to the automatic 15 units per year thereafter

Vince Burgos, Development Process Consultants, was present to speak to the application for the Multi-Family Rental. Commissioner Lyle said, "We understand that you have told PM Rowe that 68 units would now be preferable?" Mr. Burgos responded, "Our clients are more comfortable with 68, rather than 69. One modular building will be smaller. So the project 'works better' with 68 units and our clients felt more comfortable with that number. Therefore, in the two phases, we would like 44 and 24."

With no others present to speak to the matter, the public hearing was closed.

It was clarified that, the staff recommendation for the top set of numbers is correct, and 15 allocations should be added to the second/bottom set to reflect:

E. Dunne – Dempsey - Jasper Park ~~ 15 allocations

Commissioner Mueller observed, "The problem is: what happens in outlying years? We're going to end up with nine projects that are ongoing. I'm unsure of how all those will get allocations in the future."

Commissioner Lyle agreed, saying: "It may become that the 15 automatic cannot be automatic. Unfortunately, we will not know until May."

"Historically that's what we've tried to do," Commissioner Mueller said. "We would like to continue, but I'm not sure where to get that many allocations."

Commissioners engaged in lengthy discussion regarding the issues, with the following being noted:

- need for flexibility in assigning allocations to on-going projects [this generated considerable discussion]
- specific projects which have received allocations but not yet gotten underway
- numbers of allocations for projects to be worked on in 2011-12
- E. Dunne-Church St. project ~~ very near Downtown; would help with what the City is trying to do Downtown

Chair Koepp-Baker was asked to reopen the public hearing.

Responding to Commissioner's questions, Mr. Schilling provided details of the E. Dunne – Church St. project:

- seven cottages facing Church Street; {currently} 11 facing East Dunne Ave
- need a minimum of five of the 7 to start to make the improvements for the street feasible
- work in blocks (groups) of 5- 6 in future years

The public hearing was closed.

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Commissioners continued discussion of:

- the E. Dunne – Church St. project (a downtown project) is what City Council wants
- set aside in Downtown
- City has not indicated ‘how to do mixed use downtown now’; would have to be in 2011-12
- uncertainty as to which projects can start first

The public hearing was reopened.

Dick Oliver, 385 Woodview Ave., # 100, was asked questions regarding responses from banks. He said, “A smaller number of units for ongoing might be thought of favorably. As for me, we only have Mission Ranch so by 2011; we would hope to be back where we need to be.”

The public hearing was closed.

Commissioner Lyle asked staff’s feeling about options, as he wondered how the City Council would react. PM Rowe advised, “The City Council is concerned about preserving allocations for 2011-12. They want a competition then. Staff will recommend remaining with the original numbers for this competition.”

Considerable discussion followed regarding the potential for reconfiguring the numbers of allocations provided to on-going projects. Concerns raised included:

- in 2011-12 if the ongoing get X numbers of allocations, what would be the effect on the Downtown set aside
- how would the Affordable category be treated (there could be nothing for an Affordable set-aside)
- perhaps the Downtown would be the Affordable set aside
- limits for on-going projects
- prime Downtown site has 30+ allocations already
- if another project is started, then allocations must be taken away from the Downtown set-aside
- the scoring between East Dunne/Church (high) and the next scoring project provides a ‘huge scoring gap’

Commissioner Tanda said, “I propose the East Dunne/Church project be awarded allocations as it is a good project with a good developer. It sounds like only real issue is the practice of the ongoing receiving an automatic 15 units. But I would like to see some allocation for this project this night. If that means taking away from other ongoing projects by one or two (allocations) for the necessary allocations, we as Commissioners can reduce the amounts of the allocations to give to East Dunne/Church.”

Commissioner Escobar remarked, “Sometimes a simple focus is not always the most equitable. While I can initially support Commissioner Tanda’s proposal, I think we all are trying to find a way to be fair. I think we must understand that currently we have nine ongoing projects and this would be 10. I tend not to want to adversely affect those nine as we go forward. I support the East Dunne/Church project, but I’m now sure how to go forward.”

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Chair Koepp-Baker asked PM Rowe if the reduction for on-going projects was a viable approach for staff? [Yes] Chair Koepp-Baker voiced a concern: what will be fallout during the next 18 months of a reduction for the on-going?

Commissioner Mueller suggested the need to make the reductions uniform 'across the board'.

Commissioner Lyle argued for taking away the automatic 15 allotments from the Ahlin project which has previously received 99 allocations and not started any, and giving them to the East Dunne/Church project.

The public hearing was reopened.

Mr. Oliver raised the question: "I thought ongoing was based on actual ongoing projects. If a project is not started, then it should not get the automatic allocations the Commissioners have provided in the past." He also commented, "I don't think it has been noticed that you would be discussing the automatic 15 units at this meeting."

The public hearing was closed.

Commissioner Lyle said, "I've heard Mr. Oliver. If we are going to make a change, we should consider it in open session." PM Rowe reminded there is still one meeting of the Commission before the mandatory deadline of March 1 for awarding allocations.

Commissioner Mueller suggested continuing the matter, and asking staff to return to the next meeting (2/24/09) with recommendation for reduction(s) to known ongoing projects, while providing award of 15 allocations for East Dunne/Church. Commissioner Escobar said, "It might be valuable to ask staff for alternatives within set range."

COMMISSIONERS MUELLER/ESCOBAR MOTIONED TO CONTINUE THE MATTER OF FINAL AWARD AND DISTRIBUTION OF THE RDCS SMALL PROJECT, MULTI-FAMILY RENTAL AND OPEN MARKET PROJECT COMPETITIONS FOR THE FY 2010-2011 BUILDING ALLOTMENT TO THE FEBRUARY 24, 2009 MEETING IN ANTICIPATION OF A STAFF REPORT WITH RECOMMENDATION FOR REDUCTION(S) TO KNOWN ONGOING PROJECTS, WHILE PROVIDING AWARD OF 15 ALLOCATIONS FOR EAST DUNNE/CHURCH.

Under discussion, the improvements for the East Dunne/Church site were noted.

Commissioner Acevedo clarified that staff will advise the definition of ongoing projects. Commissioner Mueller said it would be necessary to look at terminology in the Code book.

The public hearing was reopened.

Mr. Schilling reminded that the Madrone project has 15 allocations for the 2010-11 fiscal year, and said those could be used for this project (East Dunne/Church).

It was asked if the 'trade policy' could be applicable in this instance? Mr. Schilling said he

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don't know of that possibility as the project already had allotments so it might not be applicable.

The public hearing was closed.

PM Rowe spoke on the program of set asides in various categories for competitions. He further clarified the motion regarding the reduction of automatic allocations to ongoing projects.

Commissioner Mueller stressed the importance of staff looking at the ongoing category and recommendation of 'reduction in some form'.

Commissioner Tanda asked, "When is a project not ongoing, but on hold?"

Commissioner Escobar reminded that when developers/applicants submit in documentation the projects are identified as ongoing, there must be reason provided for removing a project from ongoing. It may just be redistribution as a reallocation."

Commissioner Tanda asked the motion declarers to include language: the new staff report has inclusion of text/chart to see the impact on the ongoing project timelines with the proposed reduction/redistribution of allocations.

PM Rowe explained his intent to 'redo the current information and present the plan at the next meeting. Commissioner Lyle said, "If you (PM Rowe) would put fy 2011-12 and show that effect, then we would have a picture of how it would look."

THE MOTION PASSED (6-0-0-1) WITH THE FOLLOWING VOTE: AYES: ACEVEDO, KOEPP-BAKER, ESCOBAR, LYLE, MUELLER, TANDA; NOES: NONE; ABSTAIN: NONE; ABSENT: MONIZ.

Commissioner Moniz returned to the meeting at 8:10 p.m. and was seated on the dais.

2) APPROVE WORK PLAN AND SELECT

SUBCOMMIT- TEE TO REVIEW RDCA STANDARDS AND CRITERIA

PM Rowe presented the staff report, noting the subcommittee work plan had been distributed.

The recommendation was to have the appointment of 2 - 3 Commissioners to the subcommittee together with representatives of

- school
- non profit organization (extensive changes to housing categories is anticipated)
- parks and recreation
- developers

Scoring criteria was provided as a handout and will be studied for potential changes. The need to define the City's central core boundary line was discussed. Meeting times are anticipated to be afternoon late to enable staff to attend and help out subcommittee.

Chair Koepp-Baker opened the public hearing.

Mr. Oliver explained to the Commissioners that he and Rocke Garcia had met with a councilmember regarding the idea including time extensions and BMR deferrals. "However," he said, "The City Council thinks this may cause some problems. The City Council does not have a subcommittee to address the matter and the Planning Commission

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does have a subcommittee. We would like input now on possible alternatives if the economy doesn't improve."

PM Rowe advised those revisions are ongoing and some suggestions have been received from the Housing Task Force.

Commissioner Escobar asked if the subcommittee could modify current and prior recommendations? [Yes] Chair Koepp-Baker pointed out that the charge to the subcommittee would include "other changes".

Noting that sometimes developers attend the subcommittee meetings, Mr. Oliver cited that as reason for having has spoken with the City Councilmember for consideration of having the time extensions and BMR deferrals added to charge given the subcommittee.

Commissioner Acevedo asked, "Why consider putting a question of the BMRs into the competition for 2011-12? The BMR waiver will be over and if economy bad is then, we should consider *other things*."

Chair Koepp-Baker asked for consensus on the work plan as presented. [Yes]

Commissioner Tanda clarified that once the work plan has begun, other issues/concerns can be added.

Chair Koepp-Baker explained how the flexibility of the agenda increases the effectiveness of the work plan by taking other items into consideration.

Chair Koepp-Baker, Commissioner Moniz, and Commissioner Mueller volunteered for appointment to the subcommittee.

CHAIR KOEPP-BAKER, COMMISSIONER MONIZ, AND COMMISSIONER MUELLER WERE AFFIRMED AS APPOINTEES TO THE SUBCOMMITTEE.

Commissioner Lyle asked, "Why two from Parks and Recreation Commission/Department?" PM Rowe said he thought it would be that one or the other could be at each meeting.

Commissioner Tanda asked if a City Councilmember would be included? PM Rowe advised that the Councilmembers were sent a calendar of the meeting schedule and would be welcomed.

PM Rowe was directed to set the schedule and present it to the subcommittee members. He indicated the meetings would be on set days and have a two-hour time frame.

Chair Koepp-Baker was asked to reopen the public hearing.

Mr. Oliver said, "Mr. Schilling would be willing to serve and so would I."

Chair Koepp-Baker thanked him, as she closed the public hearing.

Commissioner Acevedo was excused for this agenda item at 8:26 p.m. due to the potential

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for conflict of interest as he owns a business in downtown Morgan Hill.

3) DOWNTOWN SPECIFIC PLAN IMPLEMENTATION STRATEGY

Review and discuss the implementation strategy for development of the Redevelopment Agency owned A1 and A2 sites in Downtown.

PM Rowe introduced David Heindel, Assistant to the City Manager, who presented the staff report. Mr. Heindel thanked the Commissioners for the opportunity to speak to them, and advising the Power Point presentation would be the same as that shown at the City Council/Planning Commission Workshop on January 20, 2009. Mr. Heindel said he hoped this would be an 'open conversation' to enhance developing a recommendation to ensure the vision of a vital, viable downtown was met.

Mr. Heindel said the PowerPoint would highlight the Downtown Specific Plan and Strategic Points which might be implemented. Asked by the Commissioners what was the expected outcome of this meeting, Mr. Heindel replied, "The City Council - at their last meeting - indicated support for revitalizing the Granada Theater. These are items we need to consider in the first phase (followed by subsequent phases)

- looking at the Downtown in a holistic way
- density appropriateness
- what we can accomplish now in view of the economy
- what to look for as a second step
- then plan for the future

Just now, I'm working to create a consensus around what is the 'right thing to do'."

Commissioner Lyle observed, "It appears that about 90% of what we've seen is around the theater."

Mr. Heindel responded, "There is a lot more than the theater in this presentation; much more information. We are trying to create a holistic way of looking at the Downtown."

Chair Koepp-Baker interjected, "Phase 1 information was narrowed after the Council presentation. The first step in phase 1 will be consideration of either rehabilitation or relocation of the Theater."

Mr. Heindel continued: "At the City Council presentation the discussion was segmented more: discussion with additional potential operator for theater; that would be 'not a real good' fix if there is need to build a new building and secure a new operator. Your thoughts of the 'nuts and bolts' would be helpful. The nature of the real estate development business is contingent on many things - we must have a project to move forward, not just pieces stuck together - but working together to try to create a project. We are looking at the right thing to do and where to do it in great detail. The setting of the theater and housing - the concept of theater, retail space and office space together; I think working on the theater is our best shot at moving the project forward most rapidly. I will be working on that as quickly as possible and securing ways which will be attractive to buyers and developers."

Commissioner Escobar commented, "The Theater makes sense as a specific project but I am bewildered if the plan is to build project by project or is there a theme to embrace an 'all encompassing project'? This plan does not provide a sense of building a downtown but a series of projects for the downtown."

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Mr. Heindel answered, "All the property in Downtown which is owned by the Redevelopment Agency (RDA) is to be considered for the development possibility, together with what the City owns. Certainly, we don't think everything can be done at once, so the focus is on what we can do right now." He then reiterated the ideas for phase I.

Commissioner Mueller said, "I thought an approach which would be slightly different would be to consider the critical situation." Mr. Heindel said, "Yes, we want to create more downtown living and more night activity downtown. Therefore, we are looking at a mix of retail and housing with parking, but have not developed a specific for those elements yet. The notion is that we must create density so we have a 'tipping point' as quickly as possible. The plan must be flexible and balanced at once. The plan must reflect the character of Morgan Hill. Just now, we need to create a 'brand and image' for Morgan Hill which is distinctive."

Commissioner Escobar asked, "Is the project defined in concept or is a concept defined in the projects? I assume it must fit into a definition?" Mr. Heindel replied, "What is our retail strategy – that is most important; housing and parking support retail. If we have a downtown anchor strategy - not necessarily restaurants - but activities that consist of outdoor, sports, etc., we need consistency of strategy."

Mr. Heindel then stated the vision and the current enhancements related to the vision:

- five anchor corners, and noted that three of the five are currently controlled by the City
- distance from freeway
- parking: abundant and free not occupied by those persons who work in retail or offices
- lots of parking downtown; now on Depot Street possibility for a parking structure
- residential space - both for sale and rental (looking to future as market in stale spot now)
- rental at least 40 unit projects; 100 better for professional management
- properties owned by redevelopment agencies, opportunity sites, and other privately owned sites
- key focus downtown Monterey: First and Third Streets now core of downtown Morgan Hill
- may move theater; could have dwelling units at current site but huge parking issues
- North side of Third St. – homes exist there now but one owner would like to build building that would be 20-feet high and have frontage for retail with living space behind
- other potential sites will be identified
- Downtown not generally family oriented for residential, but focused to single, couples, professional workers with smaller units; allows for affordability by design so can have huge mix of affordability

Chair Koepp-Baker asked if the Council had looked at alternative(s) for the theater and associated figures for it. Mr. Heindel referenced the (maximum) 700 housing units at the site; with new retail. "If we build to the density in specific plan so those would be the 'tipping point'," he said.

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Mr. Heindel led discussion of several options regarding the theater:

- leave at current location; ground floor – theater would dominate site and cause parking loss
- move to the back of the site
- put the theater upstairs with parking

The current highest and best plan, he said, would have the theater upstairs and retail space available. That would provide a lot of retail right downtown permitting about 6,000 square feet for an anchor tenant then office space being made available.

Considerable discussion followed regarding parking with a formula being presented by Mr. Heindel which assumed a net gain of 17 spaces at the theater site, with other parking available off-site. Mr. Heindel stressed, “Remember, we have not started designing the building yet, but we are making some assumptions.”

Commissioner Mueller led discussion of a (proposed) theater larger than the exiting Granada and the amount of parking which would be required for a 10,000 square foot theater. Mr. Heindel observed that ‘parking will be diversified to other areas, but we have not gotten there yet’. He also gave an overview of the vision of a theater with four screens, and having varying times for projection, so not everyone would be arriving at the same place at the same time.

Mr. Heindel repeatedly stress that the City must balance retail, housing, and parking. “We must have parking solutions and I believe we will develop solutions for that. We could have underground parking. One of our visions is a spine of mid block parking behind the street.”

Returning to the current charge for the Commissioners, Commissioner Escobar said, “I’m getting a sense that the Planning Commission is being asked for a recommendation without details tied to it. Are we being asked to recommend from a conceptional standpoint?”

Commissioner Lyle responded, “I don’t think we are being asked for something different from what was already discussed.”

Chair Koepp-Baker said her intent in having Mr. Heindel come to speak to the Commissioners was just for more presentation of the vision.

Commissioner Escobar said, “From January 20 to now there appears that not much had been added to what we already heard at the January 20 meeting with a consensus being generated but no new information provided now.”

Chair Koepp-Baker rejoined, “This illustrates the potential for underground parking. The question being asked is: do we have an affirmation of the concept for putting a new theater on the corner? I say ‘yes’.”

Commissioner Lyle cautioned: this is very preliminary at this time.

Mr. Heindel spoke of building a ‘spectacular promenade on Third Street for pedestrians which will be done initially’.

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Commissioner Moniz asked about the City's Zoning Code, and the requirements for Planning. Mr. Heindel said the specific plan was exempt from the requirements of the Code in the Downtown area. Commissioner Lyle said, "It would be helpful to know the typical parking requirements for a typical theater." Mr. Heindel explained, "The downtown has a different set of parameters - which you don't have to build parking on site unless it is for a residential unit. The City will provide parking for the theater in other locations." Mr. Heindel acknowledged, "Parking is always an issue and will always be a challenge. Remember, too, all sites have the potential for underground parking." He went on to tell of underground in Redwood City and said, "There are always mechanical solutions to water with underground parking."

PM Rowe advised of the current City requirement of one parking space for 3.5 seats. Mr. Heindel reiterated, "The requirements are different for Downtown."

Commissioner Mueller observed, "If the City Council says work on A-2 as the first site, then the Planning Commission should get a look at the plan."

Mr. Heindel spoke on the vision of having the private investment communities come in as partners on the project.

Commissioner Mueller asked questions regarding construction cost: figures for the construction (hard construction cost) and the total project (30% more than construction).

Mr. Heindel said his vision of the A-2 site would be for \$8-10M and A-1 (about \$50M). "We need the critical mass for housing or the Downtown becomes inefficient," he said.

Commissioners discussed with Mr. Heindel:

- Theater would be more complex versus retail and office; could it be feasible to do retail/office and not have theater downtown (Mr. Heindel theater will not slow the Phase One plan)
- funding available from the City /RDA for the project

Commissioner Tanda said, "I would like to have a presentation from high speed rail planners with information provided on the potential impact on Downtown." PM Rowe provided an overview of a recent scoping meeting he had attended on the San Francisco to San Jose High-Speed Train Project EIR/EIS. The Project EIR will consist of eight separate documents. The first EIR/EIS to be completed will be for the segment from San Francisco to San Jose. The scoping meeting for segment from San Jose south through Morgan Hill is tentatively scheduled for early March, PM Rowe has suggested to the City Manager to have the meeting Morgan Hill. PM Rowe said, "The number one problem right now is the question of: will there be sufficient right of way on the peninsula segment? When the rail reaches Morgan Hill the tracks will all be elevated. Commissioner Lyle asked if the at-grade crossings will go away. PM Rowe advised, "The existing tracks will not be share with high speed, but the CalTrain segment from San Jose north could share the tracks."

Mr. Heindel continued the presentation:

- the first steps will involve more than just the A-2 site
- emphasis will be on planning a mixed use building
- creating additional parking Depot and Third (91 spaces)

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- purchase at Third for parking (on current dirt lot) (92 spaces)
- complete Third St. promenade
- create strategy for RCDS competition/allocations
- reach consensus on Granada then find a developer (through an RFQ process)
- look at BookSmart site for retail frontage on 3rd Street
- also look at how leasing arrangements of City agency owned property dovetails with plans
- phase 2 including opening the new cinema
- parking spaces between Second and Third Streets behind existing properties (4 private owners + 1 for purchase) and expand parking in that area
- cinema project
- continue to look at 'other' on street parking
- future other areas downtown which are not now economically feasible as for residential
- possible time frame and milestones

Mr. Heindel emphasized, "We will continue to work to make sure enough parking will be available when the theater opens in about 3 years. Remember, our focus is currently on the first phase."

Commissioner Lyle suggested in the planning a missing step has occurred: everyone seems to believe housing is the key to downtown and in this plan no housing will be in place for three years. "What is the plan for housing coming on line for the next three years?" he asked. Mr. Heindel referenced phase 2, A-1 with a development project by RDA. "In your view is there need to accelerate one of the projects?" he asked. Commissioner Mueller explained, "With another competition it seems to figure there should be a placeholder and if we have more allocations (77 from Measure F), it will be important to get a set aside." Commissioner Lyle cautioned, "Not 5 years out sites, but whole bunch of things near downtown – is there plan for getting residential going for the 77 Measure F allocations?" Commissioner Lyle went on to explain the need for commencing with a plan to start building downtown for 2011-12. Mr. Heindel said it would be an issue he would be trying to work on, but 'not tonight'. Commissioner Mueller said, "The question is: if you are going to look at the three year time line and hold to that what is the minimum it would take to do something with the existing theater and shorten the currently proposed timeframe." Mr. Heindel assured he was 'beginning to look at those issues'. Commissioner Mueller continued, saying "Everyone agrees the A-2 is critical to success factors – how does this project address those factors for project parameters?"

Mr. Heindel reiterated, the key point for is for the five anchor tenant spaces: one at BookSmart and this theater would be another. He then said, "The advantages of the theater with multiple showing times would be creating model retail space – and our vision is not a restaurant." Commissioner Mueller said, "If we're talking a three year timeline, one of questions should be: is there something reasonable to be done with existing buildings to shortening the time line and begin something quickly? We really need an interim parking strategy before completion of the theater." Mr. Heindel responded, "There will be disruption but an ongoing strategy for parking is being studied."

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Chair Koepp-Baker reminded that the Planning Commission had been asked for recommendation for the City Council.

Commissioner Mueller said, "My thinking is: if the City pursues a project on the A-2 site with known elements; if we are going to do that, we need to look at interim use – is it feasible to have a theater in interim? My concern is that three years become four years, etc."

Commissioner Escobar said, "Part of my dilemma is that we have been presented with a take it or leave it option. We are only given details that deal with the theater – is everything else to be put into place? Either that option or none at all is a frustration. We don't have the option to say 'if the theater is not good' - what we do with that? There appears to be no response. If we do that, what is left?"

Commissioner Lyle said, "Will we continue diverting dollars and resources if we explore an interim use for the existing theater? The theater is falling down now."

Commissioner Mueller observed, "If the City wants to pursue a project on the A-2 site and it sounds reasonable if a theater is 'doable', there is also a focus on getting residential. Are we losing time trying to get RCDS allocations now? Do we have enough information from the community about whether there is something to do with the existing theater building – we may not have a definitive answer now. The theater project may not happen. Mr. Heindel will do his best to see it does. So in the meantime we need to look at interim alternatives. We owe that to the community as they have repeated the question to us." He suggested with recommending going ahead with the A-2 site.

Commissioner Lyle reiterated, "We must have housing for any project to be successful."

Commissioner Tanda said, "I appreciate all the staff work:

- parking is being addressed
- a catalyst development of the theater
- residential
- infrastructure
- underground parking
- pedestrian promenade
- retail

and I endorse staff's (Mr. Heindel) recommendation."

Commissioner Tanda explained he had long ago stopped going to the current theater due to lack of stadium seating. "So right now, there is only historical interest. We need renovations, but there is hesitancy in the interim use of the existing theater. We have to have some sense of 'why not do certain items'. I would like to move on as I like the recommendations."

Commissioner Moniz expressed 'definite concern' of the condition of the theater – how could the current building be used? Mr. Heindel said, "We are starting to look into that as the building does have issues." He also indicated that there was support from other theater owner/operators in the area for building a new theater.

Chair Koepp-Baker suggested, "We might direct project plans – when completed - be

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returned to the Planning Commission.” She said she had been much encouraged when other theater owners approached Mr. Heindel and told him it could be a viable project. “I still have concerns – but I do not find renovating the old theater feasible,” she said.

Commissioners discussed next steps for the Planning Commission:

- recommendation for focus on presented information
- discussion at another meeting

Commissioner Escobar said, “Without more detail, it will be difficult for the Planning Commission to hang onto a particular project without specific detail.”

Commissioner Mueller expressed thinking that the project would come back to the Planning Commission before project definition was firmed. “We could have other discussion,” he said.

Commissioner Escobar said he felt it should definitely come back to the Planning Commission. Chair Koepp-Baker agreed, and told Mr. Heindel that would most likely happen. Mr. Heindel said he was now working on firming up plans.

Commissioner Lyle explained, “The Planning Commission is accustomed to dealing with parking, traffic, building heights and density - as much as anything we’re about staging. The Planning Commission looks at a broad view of downtown - not how there will be (conceptional) physical looks of building. Currently, we are outsiders in this process and it is difficult to participate in this.”

Chair Koepp-Baker said, “By the time the Planning Commission was invited to the table, it was a forgone conclusion that a section of Monterey would be used for a new theater, instead of renovating the old theater.” She then asked Mr. Heindel about expenses for a new building versus cost for renovation. “Also,” she said, “must we concur or tell the City Council we don’t like the theater plan.

Chair Koepp-Baker asked members of the Commission:

- do we agree with City Council and staff putting together project for the theater?
- do we agree with having a project application [recommend to City Council]

Commissioner Mueller asked, “Are we just talking about A-2 “

Commissioner Escobar inquired, “Do we have to support as some steps are underway? What good could be gained not to support?”

Commissioner Lyle questioned, “Does the Commission endorse the presentation without reservation?”

Chair Koepp-Baker said the basic question would be: are the Commissioners in favor of the City Council and staff moving forward to see if the current proposal would work?

Commissioner Mueller reiterated the on-going concern: “Is the City moving fast enough to put residential in place Downtown?” Discussion followed regarding public funding for residential in the Downtown.

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It was discussed that Mr. Heindel's presentation had been set as recommendation to the Planning Commission.

COMMISSIONERS TANDA/KOEPP-BAKER MOTIONED SUPPORT FOR RELEASE OF A REQUEST FOR QUALIFICATIONS FOR CONSTRUCTION TO THE GRANADA THEATER AT THE A2 SITE AND THAT THE PLANNING COMMISSION AND PLANNING STAFF BE PART THE RFQ PROJECT, WITH THE MATTER RETURNED TO THE PLANNING COMMISSION AT APPROPRIATE TIMES FOR INVOLVEMENT . THE MOTION PASSED (6-0-0-1) WITH THE UNANIMOUS AFFIRMATIVE VOTE OF ALL COMMISSIONERS PRESENT; ACEVEDO WAS ABSENT.

CITY COUNCIL None
REPORTS:

ADJOURNMENT: With no further business to be completed, Chair Koepp-Baker adjourned the meeting at 10:05 p.m.

MINUTES RECORDED AND PREPARED BY:

JUDI H. JOHNSON, Minutes Clerk